

EXECUTIVE SECRETARIAT

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Remarks:

Executive Secretary

Date

107 (10-81)

State Dept. review completed

NSC review completed.



DEPARTMENT OF STATE

Washington, D.C. 20520

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Executive Registry

82-3537

July 12, 1982

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Interagency Group No. 15

TO : NSC - Mr. Michael O. Wheeler
 Agriculture - Mr. Raymond Lett
 AID - Mr. Gerald Pagano
 CIA -
 Commerce - Mrs. Helen Robbins
 Defense - COL John Stanford
 ICA - Ms. Teresa Collins
 JCS - MAJ Dennis Stanley
 OMB - Mr. William Schneider
 Treasury - Mr. David Pickford

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SUBJECT: Notification of IG Meeting

The IG on Poland will convene at 3:00 p.m. Tuesday, July 13, to review the NSC/OPD Private Sector Initiative. The meeting will be held in Room 6226 of the State Department. Deputy Assistant Secretary Scanlan will chair.

The attached paper will be the subject of discussion.

L. Paul Bremer, III
 L. Paul Bremer, III
 Executive Secretary

Attachment:

NSC Summary Report on Private Sector Initiative for Poland

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 GDS 7/12/88

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

VIA LDX

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July 12, 1982

MEMORANDUM FOR JOHN SCANLAN
Department of State
Room 6226, Tel: 632-1010

SUBJECT: IG Meeting on Poland Initiative

Attached is an NSC-drafted summary report on the Polish private sector initiative for discussion at the Poland IG on July 13, 1982. The summary report details the background/purpose of this initiative, the proposals, the costs and the primary themes of the President's statement.

Paula Dobriansky
Paula Dobriansky
Staff Member

Attachment

cc: Tain Tompkins
Department of State - Room 7241
Tel: 632-5804

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Review July 12, 1988.

POLISH PRIVATE SECTOR -- U.S. INITIATIVE

I. Background

The Polish private sector initiative was conceived originally by the NSC and the Office of Policy Development. An NSC-chaired working group was established to nurture the initiative by making recommendations and conceiving ideas.

The purposes of this initiative are: a) to strengthen the Polish private sector which has suffered from years of inconsistent and arbitrary government interference and lack of suitable investment, b) to send a signal of moderation to the Polish government without compromising the integrity of our sanctions, c) to promote in the long term a more moderate domestic Polish policy as a result of strengthened free market forces, and d) to engender a positive image of American flexibility which would put the Polish government on the defensive and bolster our position vis-avis our Allies.

This initiative is a humanitarian "people-to-people effort. Given this emphasis, it was determined by the working group that the initiative should be limited to Polish agriculture at this stage. Since Polish industry is almost entirely nationalized, any industrial assistance would entail inevitably large-scale government involvement in contravention of our sanctions against Poland. Hence, the working group agreed to postpone the consideration/implementation of the commercial proposals until after martial law is lifted.

II. Proposals

The following general guidelines should be kept in mind in assessing the substance of the agricultural private sector proposals:

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a) As this is a private sector initiative, the official involvement of the U.S. Government will be kept to a minimum. Yet, it will provide local zloty funds for in-country use and will maintain contact with the American private sector to ensure the purpose of the initiative is not being circumvented. b) No detailed blueprint of the initiative can or should be prepared at this time for the private sector organizations will be responsible for its preparation and implementation. c) The proposals and funding sources are subject to possible change per relevant discussions with Polish authorities. The U.S. is prepared to manifest some flexibility; however, the Polish government must be prepared to accept the general framework of the initiative.

III. Implementation/Costs

The Rockefeller Foundation will serve as the coordinator and clearinghouse for the entire project. It will be assisted by the American Farm Bureau Federation and other private sector organizations and will consult the Department of Agriculture's Office of International Cooperation and Development. Moreover, it will have access to two pools of funds: Public: 1) approximately \$15 million worth of zlotys will be used to defray the expenses of running the project in Poland, and 2) \$38 million worth of zlotys will comprise a "loan fund" from which Polish small farmers can receive loans to purchase seed, small machinery, etc. Private: In addition, the American private sector is expected to make donations in support of this effort.

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IV. Program Items

The following prospective areas of Polish agriculture to be targeted through the private sector initiative are:

- The provision of seed (oil, corn) and high quality breeding stock.
- The storing, handling and processing of food stuffs.
- The development/distribution of small machinery.

These proposals will be implemented potentially through the exchange of agricultural scientists and practitioners and through the establishment of model small farm stations (initially three - four) in Poland. Again, it must be emphasized that the above area are not all-inclusive and binding, but constitute an essential focus which the private sector should follow.

V. Presidential Statement Themes

The President's July 20 message will:

- a. recapitulate the origins of U.S. sanctions against Poland and the USSR.
- b. Reassert that private humanitarian assistance in Poland continues to be exempt from the sanctions.
- c. Restate our position that the resumption of full-scale economic aid and the lifting of sanctions must be predicated on three conditions: the lifting of martial law, the release of political prisoners, the resumption of genuine government-Solidarity dialogue.

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- d. Posit that as a goodwill gesture designed to improve the well-being of the Polish people, the U.S. has decided to launch a private sector initiative (people to people) directed at Polish private farmers.
- e. Describe broadly the initiative -- its funding and implementation.
- f. Appeal to American industry and foundations for financial contributions and support.

Note: The President's statement in its entirety will be distributed for review only at the Tuesday IG meeting.

Drafted by PJDobriansky/NSC
July 12, 1982

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